

County Salaries, Benefits On Chopping Block

Council eyes extensive cuts for fiscal year as budget crisis deepens

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The county's budget crisis appears to be far from over and county salaries and benefit packages may be on the chopping block.

This week the Montgomery County Council discussed cutting county employee salaries and benefits as a solution to meeting the projected budget cuts for fiscal year 2012, which could be as great as \$145 million, according to an announcement last week from County Executive Isiah "Ike" Leggett. That shortfall, coupled with known expenditures projected to be 4.3 percent greater in fiscal year 2012, is already making for heated budget discussions a full nine months before the budget will go into effect.

"Asking departments to continue to cut around the edges is never going to get us where we need to go," said Council Vice President Valerie Ervin (D-Dist. 5). "We have no other choice but to turn to compensation."

Leggett said last week that county agencies should be prepared to trim their budgets — possibly by 10 percent or 15 percent. Leggett projected that county revenues will grow by 1.14 percent in 2011 and 2.9 percent in 2012. The percentage of revenue increase for 2012 also assumes a 6.6 income tax increase.

His announcement followed county preliminary elections which secured the at-large seats for all incumbents except Councilwoman Duchy Trachtenberg (D-At Large). Incumbents relied on strong union support and donations in their campaigns, and now public employee unions' salary and benefit packages are up on the chopping block.

Members of the council scoffed at the idea of slashing salaries after months of enacting county-wide furloughs and asking departments to downsize, but they seemed in agreement about limiting benefit packages.

"This might actually happen this time," Councilman Marc Elrich (D-At Large) said. According to the fiscal year 2011 budget, about 80 cents of every dollar in the county's \$4.3 billion budget is spent on compensation and benefits.

The county's head of the Office of Management and Budget, Joseph Beach, spoke with the council at Tuesday's meeting about where the money was allocated. Health care benefits are one of the largest costs for the county — school employees have 90 percent of their bill picked up by taxpayers. General government employees have 75 percent covered by the county, as well.

According to Beach, about half of the county's 2012 shortfall could come from an anticipated increase in funding for the county's public schools, in accordance with the state-mandated maintenance-of-effort law which means maintaining school funding at the same percentage as the year before.

"We will have to fund the MOE, which could be as much as \$70 million," Beach said. The county was not able to fund the maintenance-of-effort for fiscal year 2011 when it filed for an unprecedented \$1 billion budget shortfall. The council avoided failing the school system by appealing to the state board for additional funding.

“These numbers are preliminary but important,” Beach said. “We will have more concrete numbers in November.”